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Message Text

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ACTION NEA-10

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---------- 027614
R 280719Z SEP 76
FM AMEMBASSY NEW DELHI
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LIMITED OFFICIAL USE NEW DELHI 14291

EO 11652: NA
TAGS: BEXP, IN
SUBJ: IMPORT OF OILFIELD EQUIPMENT BY ONGC

1. EMBASSY MINATT'S RECENT DISCUSSIONS WITH KEY OFFICIALS OF THE OIL AND NATURAL GAS COMMISSION IN DEHRA DUN HAVE REVEALED THAT DUE TO BUDGETARY CONSTRAINTS, THE PURCHASE OF OILFIELD EQUIPMENT IS TO BE SCALED DOWN FOR THE REMAINING SIX MONTHS OF THE CURRENT INDIAN FISCAL YEAR. THIS HAS BEEN ATTRIBUTED TO ONGC'S OVERSPENDING INCLUDING THE BUILD UP OF SIZEABLE INVENTORIES DURING THE PAST YEAR. COMMENTING ON THE FINANCIAL PROBLEMS, A SENIOR ONGC OFFICIAL STATED THAT THESE WERE OF A TEMPORARY NATURE AND PROPOSALS FOR ADDITIONAL ALLOCATIONS WERE BEING FORMULATED FOR SUBMISSION TO THE GOI. HOWEVER, PENDING CONSIDERATION OF THESE PROPOSALS ONLY THE ESSENTIAL ITEMS, PARTICULARLY THOSE REQUIRED FOR THE OFFSHORE "BOMBAY HIGH" PROJECT WERE NOW BEING PROCURED. AS A RESULT A NUMBER OF MAJOR PROJECTS INVOLVING THE POTENTIAL SALE OF US EQUIPMENT AND/OR SERVICES HAVE NOW BEEN SHELVED UNTIL NEW FUNDS HAVE BEEN AUTHORIZED SOMETIME AFTER APRIL 1, 1977, THE BEGINNING OF THE 1977/78 FISCAL YEAR.
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2. THE FOLLOWING IS A LIST OF SOME OF THE PROJECTS THAT HAVE BEEN POSTPONED FOR THE TIME BEING:

A. OFFSHORE MARINE SURVEY CUM CORING VESSEL (REF: NEW DELHI 3224): HALTER MARINE, NEW ORLEANS, AND SEISMIC EXPLORATION INTERNATIONAL, DALLAS, WERE SERIOUS CONTENDERS FOR THIS EQUIPMENT ESTIMATED T $4 MILLION.

B. FOREIGN ONSHORE DRILLING CONTRACT (REF: NEW DELHI 12714); PARKER DRILLING COMPANY, TULSA WAS BEING CONSIDERED FOR A POSSIBLE ONSHORE DRILLING CONTRACT USING HELL-RIGS FOR DRILLING IN INACCESSIBLE AREAS SUCH AS TRIPURA. HOWEVER, ONGC IS NOW STUDYING THE COST/BENEFIT OF SUCH A PROPOSAL WHICH COULD CONCEIVABLY RULE OUT THE USE OF FOREIGN DRILLING CONTRACTORS. AS AN ALTERNATIVE ONGC MIGHT CONSIDER THE SERVICES OF CONSULTANTS TO OVERSEE ONGC'S ONSHORE DRILLING PROGRAM INCLUDING TECHNICAL SUPPORT TO DEEP WELL DRILLING.

C. THE PURCHASE OF HELICOPTERS BY ONGC (REF: NEW DELHI A-91); SINCE ONGC HAS CHARTERED A SIKORSKY (S-61) FROM A CANADIAN COMPANY AND THE INDIAN MILITARY ARE ALSO CURRENTLY PROVIDING SUPPORT TO ONGC'S OFFSHORE ACTIVITIES, THIS SIZEABLE EXPENDITURE HAS BEEN DEFERRED AS WELL.

D. GEOPHYSICAL SURVEY OF THE SUNDERBANS (REF: NEW DELHI A-91): IN VIEW OF THE TWO DRY WELLS DRILLED BY THE NATOMAS/CARLSBERG GROUP IN THE BAY OF BENGAL, ONGC HAS NOW DECIDED TO WAIT AND SEE THE RESULTS OF EXPLORATORY DRILLING IN AREAS AROUND SUNDERBANS BEFORE CONSIDERING FURTHER A GEOPHYSICAL SURVEY BY A FOREIGN FIRM. AMRICAN COMPANIES, WHICH HAD EVINCED AN INTEREST IN THIS PROJECT, WERE GSI AND PETTY RAY, HOUSTON.

3. AT THE SAME TIME, ONGC OFFICIALS ALSO REPORTED THAT SUBJECT TO THE AVAILABILITY OF FINANCES, BIDS LIMITED OFFICIAL USE

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FOR THE FOLLOWING CATEGORIES OF OILFIELD EQUIPMENT WOULD BE INVITED FROM SUITABLE FOREIGN FIRMS IN THE NEAR FUTURE:

A. FOUR COMPLETE ELECTRO-LOGGING SETS (APPROXIMATE VALUE $5 MILLION). BOTH DRESSER ATLAS, HOUSTON, AND GEARHART-OWEN, FORT WORTH, ARE THE POTENTIAL SUPPLIERS. SCHLUMBERGER, WHICH HAS A SERVICE CON-

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TRACT FOR ELECTRO-LOGGING WITH OIL INDIA LTD. AND ONGC (OFFSHORE) IS UNWILLING TO SELL ITS EQUIPMENT.

B. EIGHT VIBROESIS UNITS (APPROXIMATE VALUE $1.5 MILLION). BIDS ARE EXPECTED FROM MERTZ, PONCA CITY, AND GEOSPACE AND MANDREL OF HOUSTON.

C. EIGHT DIGITAL SEISMIC UNITS (APPROXIMATE VALUE $1.5 TO $2 MILLION). THIS EQUIPMENT IS LIKELY TO BE PURCHASED FROM EITHER TEXAS INSTRUMENTS OR MANDREL. ONGC IS SEEKING TO CHANGE OVER FROM ANALOG TO DIGITAL UNITS WHICH ARE MORE ACCURATE AND FLEXIBLE LENDING TO COMPUTER PROCESSING WITHOUT CONVE TION.

D. SUBSEA WELL COMPLETION SYSTEM FOR FOUR WELLS. IN THIS RGARD, VERCO (VENTURA) REPRESENTATIVES ARE CURRENTLY CONDUCTING TALKS WITH ONGC OFFICIALS. ANOTHER POSSIBLE COMPANY WITH THIS CAPABILITY IS CAMERON, HOUSTON.

E. GAS LIFT MULTI-STAGE COMPRESSORS: 500 BHP AND ABOVE, DISCHARGE PRESSURE 1,000 PSI, SUCTION PRESSURE 100 PSI. APPROXIMATE REQUIREMENT 10. SOURCE OF PROCUREMENT NOT YET DETERMINED.

4. COMMENT. IT IS VERY UNLIKELY THA THE ONGC'S CURRENT BUDGETARY PROBLEMS, WHICH ARE BELIEVED TO BE OF A TEMPORARY NATURE, WILL HAVE ANY MAJOR IMPACT ON THE COUNTRY'S ONGOING DRILLING AND/OR CRUDE PRO- DUCTION PROGRAM THIS FISCAL YEAR. HOWEVER, SHOULD THE GOI FAIL TO PROVIDE FOR ADEQUATE FUNDING DURING THE NEXT YEAR BEGINNING APRIL 1977, OPERATIONAL TARGETS MAY HAVE TO BE SCALED DOWN. ACCORDING TO LIMITED OFFICIAL USE

DATA PROVIDED BY OIL AND NATURAL GAS COMMISSION'S STORES AND PURCHASE DIRECTORATE, ONGC'S IMPORTS OF OILFIELD EQUIPMENT DURING IFY 175/76 TOOTALLED APPROXIMATELY $105 MILLION OF WHICH THE US SHARE EXCEEDED 30 PERCENT.
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